

Message Text

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PAGE 01 TEL AV 00643 261636Z

44

ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-02 PRS-01 SP-02 SS-15 AID-05 IGA-02 OMB-01 TRSE-00

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SUBJECT: PRESS REPORTS ON FY-77 ASSISTANCE TO ISRAEL

1. ISRAELI PRESS CARRIED NUMEROUS ACCOUNTS JAN 25 AND 26 ON GOI REACTION TO REPORTS THAT FY 1977 U.S. ASSISTANCE TO ISRAEL WOULD BE REDUCED FROM PROPOSED FY 1976 LEVELS. MARGALIT, HAARETZ' WASHINGTON CORRESPONDENT, WROTE JAN 25 THAT QUOTE TENSION PREVAILED IN JERUSALEM- WASHINGTON RELATIONS FOLLOWING AN AUTHORIZED REPORT THAT MILITARY AND ECONOMIC ASSISTANCE TO ISRAEL WILL BE CUT BY \$800 MILLION. OBSERVERS ESTIMATE THAT RABIN WILL EXPRESS DURING HIS WASHINGTON TALKS WITH PRESIDENT FORD HIS DISSATISFACTION OVER ADMINISTRATION'S INTENTION TO KEEP LEVEL OF ASSISTANCE TO ISRAEL FOR 1977 AT \$1.4 BILLION INSTEAD OF \$2.2 BILLION IN CURRENT YEAR...

A VERY RELIABLE SOURCE REVEALED TODAY THAT ALTHOUGH ASSISTANCE TO ISRAEL WILL BE CUT CONSIDERABLY IN 1977, THE ADMINISTRATION WILL ASK NEXT YEAR NOT EVEN A SYMBOLIC CUT IN ASSISTANCE TO ARAB COUNTRIES. UNQUOTE.

2. MAARIV ON JAN 25 SAID QUOTE IT SEEMS THAT WHITE HOUSE DECIDED--CONTRARY TO KISSINGER'S PROPOSAL--TO CUT BY \$500 MILLION THE MILITARY ASSISTANCE TO ISRAEL IN NEXT UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TEL AV 00643 261636Z

FISCAL YEAR. SOURCES IN WASHINGTON SAY THAT LAST NOV.,

DR. KISSINGER SAID IN HIS TESTIMONY BEFORE SENATE'S FOREIGN RELATIONS COMMITTEE AND HOUSE APPROPRIATION COMMITTEE THAT AMOUNT ADMINISTRATION INTENDS TO ASK AS MILITARY ASSISTANCE TO ISRAEL FOR 1977 WILL RESEMBLE THAT IN 1976. IT IS SAID THAT THIS CONSTITUTED PART OF UNDERSTANDING REACHED WITH ISRAEL DURING NEGOTIATIONS ON AN INTERIM AGREEMENT WITH EGYPT. UNQUOTE.

3. JAN 25 YEDIOT AHARONOT ADDED QUOTE IT IS INDICATED THAT NEW SUM PUTS PRIME MINISTER BEFORE FAIT ACCOMPLI AND EVEN RAISES SUSPICION OF DANGEROUS INTENTIONS. SOME PERSONS ALSO CLAIM THAT NO SUCH BUREAUCRATIC ERROR COULD BE POSSIBLE, BECAUSE TOO MANY PERSONS GO THROUGH BUDGET DRAFTS BEFORE FINAL DOCUMENT IS PASSED TO GOVERNMENT PRINTING OFFICE. IT IS LEARNED THAT MENTIONING OF ALLOCATION TO ISRAEL WAS DONE INTENTIONALLY TO PREVENT FUTILE BARGAINING WITH RABIN.

IT SHOULD BE INDICATED, HOWEVER, THAT WHILE INTENTION TO CUT MILITARY ASSISTANCE STILL HOLDS, ADMINISTRATION INTENDS TO RECOMMEND A CERTAIN INCREASE IN ECONOMIC ASSISTANCE TO ISRAEL. WHILE AMOUNT RECOMMENDED FOR FISCAL YEAR 1976 IS \$725 MILLION, FOR 1977 ADMINISTRATION WILL ASK \$785 MILLION, AND PERHAPS EVEN MORE. THE OVERALL ASSISTANCE SUM FOR ISRAEL FOR 1976 IS \$2.25 BILLION, AND THAT FOR 1977 IS \$1,785 MILLION. IF WE TAKE INTO ACCOUNT A NUMBER AUXILIARY ALLOCATIONS SUCH AS ASSISTANCE FOR HOUSING, FOOD, AND ABSORPTION OF SOVIET IMMIGRANTS, TOTAL RECOMMENDED ASSISTANCE FOR 1977 MAY REACH \$1.82 BILLION OR MAY EVEN APPROACH \$1.9 BILLION. HOWEVER, NEW SUM RELATES TO 15-MONTH PERIOD INSTEAD OF 12 MONTHS WHICH, FROM PRACTICAL POINT OF VIEW, MEANS CUT OF \$800 MILLION AND NOT OF \$400 MILLION. UNQUOTE.

4. DAVAR'S WASHINGTON CORRESPONDENT BARNEA ON JAN 25 SAID QUOTE AMERICAN TREASURY AND STATE DEPARTMENT OFFICIALS HAVE CREATED AN IMPRESSION AS IF NO DECISION HAS YET BEEN TAKEN ON THE MILITARY ASSISTANCE. IT SEEMS THAT BOTH PRESIDENT FORD AND KISSINGER WERE ABOUT TO SAY SIMILAR THINGS TO RABIN DURING THE WASHINGTON TALKS. NOW THAT THE FIGURE IS PUBLISHED, THE ASSISTANCE TALKS WILL CENTER ON UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TEL AV 00643 261636Z

THIS BASIS. RABIN WILL TRY TO CONVINCE FORD AND KISSINGER TO ALLOCATE A SPECIAL SUM FOR THE TRANSITION PERIOD. UNQUOTE.

5. ON JAN. 26 MARGALIT WRITES QUOTE: PRIME MINISTER YITZHAK RABIN WILL ASK PRESIDENT FORD DURING HIS U.S. VISIT TO GRANT ISRAEL ADDITIONAL \$250 MILLION IN MILITARY ASSISTANCE, OBSERVERS

SAY HERE....IT IS EXPECTED THAT MR. RABIN WILL SUBMIT TO ADMINISTRATION ADDITIONAL REQUESTS INCLUDING THE RAISING OF PLANNED ASSISTANCE FOR WHEAT PURCHASE TO \$15 MILLION; GRANTING \$60 MILLION HOUSING LOAN INSTEAD OF THE PLANNED \$25 MILLION, AND RAISING ASSISTANCE FOR ABSORPTION OF SOVIET JEWRY TO \$50 MILLION. UNQUOTE.

6. ON JAN 26 BARNEA SAYS QUOTE ISRAELI OFFICIALS ARE CONVINCED THAT THE 'SLIP OF THE PEN' BY BUDGET DRAFTERS ON EVE OF RABIN'S VISIT WILL 'COST' U.S. \$300-\$400 MILLION BECAUSE FORD AND KISSINGER WILL NOT BE ABLE TO REFUSE RABIN WHO WILL ASK FOR INCREASE IN ASSISTANCE. ISRAEL CLAIMS THAT KISSINGER HAD PROMISED, AS PART OF INTERIM AGREEMENT, THAT MILITARY ASSISTANCE OF \$1.5 BILLION A YEAR WILL BE ACCORDED FOR A THREE-YEAR PERIOD. ADMINISTRATION OFFICIALS MAINTAIN THAT HE PROMISED ONLY TO MEET ISRAEL'S REQUIREMENTS AS U.S. UNDERSTANDS THEM. UNQUOTE. DUNNIGAN

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